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USAID Afghanistan ABADE Program

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LIST OF ACRONYMS

ABIF:	Afghanistan Business Innovation Fund	IR:	intermediate results
ADF:	Agricultural Development Fund	ISAF:	International Security Assistance Force
AIBF:	Afghan Institute of Banking and Finance	IT:	information technology
AISA:	Afghanistan Investment Support Agency	LARA:	Land Reform in Afghanistan
ANSA:	Afghan National Standard Authority	LTТА:	long-term technical assistance
AO:	Agreement Officer	M&E:	monitoring and evaluation
AOR:	Agreement Officer's Representative	MoCI:	Ministry of Commerce and Industries
APPF:	Afghan Public Protection Force	MoM:	Ministry of Mines
ASMED:	Afghanistan Small Medium Enterprise Development Program	NGO:	non-governmental organization
AWDP:	Afghanistan Workforce Development Program	OAG:	Office of Agriculture
AWDP:	Afghanistan Workforce Development Program	OEGI:	Office of Economic Growth and Infrastructure
BDS:	business development services	OHS:	occupational health and safety
CHAMP:	Commercial Horticulture and Agricultural Marketing Project	PIO:	public international organizations
COP:	Chief of Party	PMP:	performance management plan
DCOP:	Deputy Chief of Party	PPA:	public-private alliances
DFID:	UK Department for International Development	RADP:	Regional Agriculture Development Program
DOC:	Department of Commerce	RAMP-UP:	Regional Afghan Municipalities Program for Urban Populations
EGGI:	Economic Growth and Governance Initiative	RFA:	request for application
EPPA:	Export Promotion Agency of Afghanistan	SME:	small and medium enterprise
FAIDA:	Financial Access for Investing in the Development of Afghanistan	STTA:	short-term technical assistance
GIRoA:	Government of the Islamic Republic of Afghanistan	SUPPORT II:	Services under Program and Project Offices for Results Tracking
GiZ:	Deutsche Gesellschaft für Internationale Zusammenarbeit	TA:	technical assistance
GMP:	good management practices	TAFA:	Trade and Accession Facilitation for Afghanistan
IDEA-NEW:	Incentives Driving Economic Alternatives for the North, East, West	TAMIS:	Technical, Administrative, and Management Information System
IESC:	International Executive Service Corps	TFBSO:	Taskforce for Business and Stability Operations
ILO:	International Labour Organization	USAID:	United States Agency for International Development
IQC:	indefinite quantity contract	USG:	United States Government
		VEGA:	Volunteers for Economic Growth Alliance
		WB:	World Bank
		WED:	Women Enterprise Development

EXECUTIVE SUMMARY

This first quarterly report for the Assistance in Building Afghanistan by Development Enterprises (ABADE) Program covers the period October 16, 2012 to December 31, 2012. VEGA/IESC is the lead implementer of the ABAD E Program, joined by Land O'Lakes International Development and DAI.

The ABAD E Program supports private investment, job creation, and financial investment by helping SMEs grow their business. More specifically, ABAD E provides its SMEs and Innovative Alliance partners with the additional capital, appropriate equipment and technologies, access to technical assistance, enabling environment support and business-specific inputs they need to succeed.

Major achievements this quarter include:

- Mobilized start-up team to begin ASIA registration, secure project facilities, contract risk management services, and begin negotiations with the APPF.
- Advertised and selected CCN for local positions, with 40% of ABAD E's CCN positions staffed.
- Conducted needs analysis of IT equipment/supplies, designed modifications for ABAD E's technical, administrative, and management system (TAMIS) program monitoring system, and procured project hardware and software for life of project.
- Submitted the first Annual Work Plan, Performance Monitoring Plan (PMP), Branding and Marking Plan, and Public Private Alliance selection criteria to USAID.
- Issued RFP tenders for the operation of ABAD E's regional offices in Mazar-i-Sharif and Herat. About a dozen offers have been received and are currently being scored by the Technical Evaluation Committee.
- Completed and submitted the Public Private Alliance Manual to USAID for review.
- Developed and finalized RFAs for SME and Innovation Alliances. Released SME Alliances RFA, with the RFA for Innovation Alliances to follow in January.
- Prepared call for expression of interest (EOI) in "Creating Jobs and Opportunities for Women" to assist ABAD E in the identification of potential Innovation Alliance partners. As a result of this activity, the ABAD E team was able to liaise with various women's organizations, compiled a directory, and circulated the EOI document to over 100 organizations.
- Began mapping BDS services in-country and undertook preparatory work for the procurement of BDS services by defining the format and contents for potential BDS training packages.
- Prepared and launched an RFP for BDS services and defined an assessment framework for BDS providers based on direct capacity evaluation through interviews, reference checks, and past performance verifications.
- Completed desk review of previous and current business enabling environment programs in Afghanistan and finalized SOWs for Component 3 team.

PROGRAM HIGHLIGHTS

In the first quarter of operations, VEGA/IESC and sub-awardees Land 'O Lakes and DAI initiated project operations in Kabul. The team's objective was to put in place the mechanisms necessary for the effective implementation of ABADE's three components. Together with USAID/Afghanistan, the ABADE team also began planning its launch event, which will take place in February 2013.

To this end, ABADE's core technical and operations staff were fielded and project facilities were secured in Kabul. IESC also began the administrative processes of registering with AISA and negotiating a security services contract with APPF. As detailed in the sections below, much of ABADE's activity has been focused on program administrative set-up, initiating management systems, and securing resources that will support the successful implementation of the ABADE Program.

GENERAL PROGRAM MANAGEMENT

Since October, VEGA/IESC has completed the majority of its start-up objectives. In November, ABADE mobilized its start-up team, began the process for AISA registration, secured vetting approval and signed a lease agreement for its Kabul offices and residences, received approval and contracted risk management services with Pilgrims Groups Ltd., and began negotiations with APPF to provide local security services.

ABADE's First Annual Work Plan, PMP, Branding and Marking Plan, and Public Private Alliance selection criteria were submitted to USAID within 60 days of the award. Tenders were issued for the operation of ABADE's regional offices in Mazar-i-Sharif and in Herat. The ABADE field team has developed an Operations Manual for program management, which was under compliance review at IESC HQ at the end of December.

COMPONENT 1: PUBLIC PRIVATE ALLIANCES

OVERVIEW

Component 1, Public Private Alliances (PPAs), provides sub-awards to Afghan SMEs, consortia of SMEs and/or, organizations engaging in economic development activities at the SME level. These PPAs are divided under two sub-components: (1) SME Alliances and (2) Innovation Alliances:

Component 1A - SME Alliances: SME Alliances are designed to target existing, productive SMEs, consortia or joint ventures of existing SMEs through a competitive award process. The purpose of these alliances is to mitigate business expansion risks, encourage private investment for business growth, stimulate job creation, and facilitate expansion into new markets.

Component 1B - Innovation Alliances: Innovation Alliances will support investments in non-traditional business approaches to create economic growth and stability. Particular emphasis will be placed on activities that foster business innovation, expand the role of women and youth in business, promote pro-poor growth, and increase value-added productivity in strategic industries.

PROGRESS THIS QUARTER

In December, requests for applications (RFAs) for both SME and Innovation PPAs were developed and finalized. The RFA for SME Alliances was released. The RFA for Innovation Alliances was intentionally withheld until January in order to reduce potential confusion between these two RFAs.

ABADE also prepared and launched a call for expressions of interest (EOI) in “Creating Jobs and Opportunities for Women” which will assist ABADE with identifying potential Innovation Alliance partners. The EOI is distinguished from the Innovation PPA in that it targets entities that are specifically active in the field of women in enterprises, that have less structured/advanced projects, and/or that match only partly the ABADE criteria. As a result of this activity, the ABADE team was able to liaise with various women’s organizations, compiled a directory, and circulated the EOI document to over 100 organizations.

The Component 1 team held several meetings and follow-up discussions with the International Labour Organization (ILO) Country Director to further collaboration with ABADE. We are exploring the possibility of partnering with ILO and expanding their “Start and Improve Your Business (SIYB)” training program for entrepreneurs. This program was piloted by ASMED and utilized ILO materials. With this end in mind, the ABADE team reviewed and commented on the ILO project document so as to incorporate a sufficient focus on creating opportunities for women in the material.

In addition, the Component 1 team developed a comprehensive PPA Manual for the management of the PPAs. The manual includes guidance on the review process, a selection committee, assessment procedures, and notional criteria and scoring values. It also includes information on the proper management of sub-award during implementation and related procurement processes.

All staffing for this component was completed. The team has met with potential partners from several sectors, including marble and textiles. By the end of December, several prospective Alliance partners have begun working on concept note development, including a sheet glass manufacturing facility and a nut processing business. The ABADE team also provided follow-up information to partners that had approached ABADE before the launch of the RFAs. To date, prospective PPA candidates have emerged from industries as wide ranging as nut processing, saffron, cement, glass, marble, fashion, e-commerce, and women’s services.

PLANNED ACTIVITIES FOR THE NEXT QUARTER

In the second quarter, the ABADE team will conduct a road show to introduce the ABADE program in various regions of Afghanistan and to promote the RFAs. We expect to deliver presentations in Kabul in February and Mazar-i-Sharif and Herat in March. A presentation is already scheduled for RC East in Jalalabad on February 25-26. The road show will be followed up with workshops for potential PPA applicants. The Component 1 team will issue the first PPA awards in the second quarter and will finalize formulation of an Innovation Alliance with the ILO.

COMPONENT 2: TECHNICAL ASSISTANCE AND BUSINESS ADVISORY SERVICES

OVERVIEW

Component 2 – Technical Assistance and Business Advisory Services – provides technical assistance to sub-award recipients and program stakeholders to improve their operations and management capabilities. ABADE assistance focuses on resolving technical and business issues such as market entry, production, access to finance, profitability, and achievement of quality standards.

PROGRESS THIS QUARTER

In the first quarter, the ABADE team organized the procurement of local BDS services to support PPAs and began the mapping of BDS services in-country. ABADE's Component 2 team undertook other preparatory work for the procurement of BDS services by defining the format/contents for potential BDS training packages. As part of this effort, curriculum was developed for business planning workshops and a concept note was drafted for Alliance preparation workshops.

ABADE also prepared and launched an RFP for BDS services and defined an assessment framework for BDS providers based on direct capacity evaluation through interviews, reference checks, and past performance verifications.

PLANNED ACTIVITIES FOR THE NEXT QUARTER

Priorities in the second quarter include assessing the BDS providers' proposals resulting from the RFP, selecting the most cost-effective bidders, and issuing indefinite quantity contracts to them. ABADE will hold an induction training session to familiarize selected providers to ABADE's mission and work ethics. In order to assess the priority technical assistance needs of SME businesses, Component 2 staff will also visit SMEs in various sectors and meet with management..

The Component 2 team is currently developing an overall approach to capacity development both for individual PPAs partners and the sector/ institutional level partners. While most final technical assistance products will be tailored to specific SME needs, several broad areas of technical assistance programming have been identified by the ABADE team. For these foundational subject areas, assistance mechanisms, training curricula and materials can already be developed or shared with other capacity building institutions/projects. Based on outlines of the 27 technical assistance and training packages already produced by the team, ABADE will finalize priority packages and take into consideration recommendations from other projects.

COMPONENT 3: BUSINESS ENABLING ENVIRONMENT

OVERVIEW

Component 3 works to improve the enterprise enabling environment by identifying the most serious legal, regulatory, and procedural barriers that are affecting the efficiency and cost competitiveness of PPA partners and SME stakeholders.

PROGRESS THIS QUARTER

Although the Component 3 team leader will not be mobilized until the second quarter, a desk review of previous and current business enabling environment programs in Afghanistan was completed during the first quarter of activities. In addition, the scopes of work for Component 3 team members were reviewed and recruitment efforts commenced. The Component 3 team leader's mobilization preparations are completed and he will arrive in Kabul on January 28.

PLANNED ACTIVITIES FOR THE NEXT QUARTER

ABADE will work with GIRoA and private sector counterparts to determine priority business environment issues that can be addressed in the short-term. The Component 3 team will begin tracking procedural, administrative, and regulatory issues encountered by businesses in their everyday operations with an initial focus on construction permitting. The team will also map out a plan for addressing business enabling environment issues that require longer term engagement.

GENDER HIGHLIGHTS

ABADE's Gender Baseline survey was postponed in order to take into account the final approved PMP and to collect information on existing gender analyses carried out by other implementing partners. ABADE will continue in January with the design of the data collection tool. Meanwhile, several meetings and ABADE activities described above have been held to collect contact information for women-owned or managed businesses.

The baseline survey will be completed in the second quarter and supplemented with additional research, as required. These inputs will serve as guidance on how ABADE can best support job creation and increased participation of women in the private sector as decision makers and income earners. Further, ABADE will develop a strategy to support existing businesses that takes into consideration the overall goals and objectives of ABADE and the specific constraints of targeting women through the creation of public private alliances. With only a fraction of SMEs in Afghanistan being owned or managed by women and a relatively underdeveloped female workforce, ABADE will develop a strategy for targeting women without engaging in AWDP-type activities, to avoid duplication. In the second quarter, ABADE will also pursue company-specific opportunities while developing a more strategic approach in cooperation with AWDP, WED, and others.

MONITORING AND EVALUATION

In addition to the submission and approval of ABADE's PMP, the majority of key start-up activities to construct monitoring and evaluation systems were completed by the end of the first quarter. First, ABADE's M&E and IT Director designed the necessary data collection processes and tools including an SME registration form, high value skills graduate registration form, survey forms, and verification, analysis and reporting processes. Second, process flow diagrams were completed for data collection and verification. Finally, the ABADE reporting site for the Afghan Info database was also set-up during this quarter. Staffing of the M&E team was finalized.

PERFORMANCE RESULTS

PMP Ind	PERFORMANCE INDICATOR	Qtr 01 13			Cumulative			LIFE OF PROJECT Totals		
	(source of information)	October - December 2012			Year 2013					
		Target	Ttl	%	Target	Ttl	%	LOP Target	Ttl	%
I. Tier I Indicators										
1	500 SMEs supported with ABADE assistance (SME Reg Forms)	0	0	0%	100	0	0%	500	0	0%
2	150 private sector firms that have improved management practices as a result of ABADE assistance (SME Reg forms and survey forms)	0	0	0%	30	0	0%	150	0	0%
3	150 firms receiving ABADE assistance to invest in improved technologies (SME Reg forms)	0	0	0%	30	0	0%	150	0	0%
4	365 public-private alliances formed as a result of ABADE assistance (SME PPA Agreements)	0	0	0%	85	0	0%	365	0	0%
5	41 Innovation public-private alliances formed (Innovation PPA Agreements)	0	0	0%	5	0	0%	41	0	0%
6	USD 180 million in private-public sector alliances established (Innovation and SME PPA Agreements)	\$0	\$0	0%	\$40.000.000	\$0	0%	\$180.000.000	\$0	0%
7	20% increase in sales by Public-Private Alliance SMEs (SME Registration and Survey forms)	0%	0	0%	5%	0	0%	20%	0	0%
8	40 initiatives that provide alternative workplace models for women (Initiative registration forms)	0	0	0%	10	0	0%	40	0	0%
9	200 women trained in “high value” skills (Graduate registration forms)	0	0	0%	20	0	0%	200	0	0%

PMP Ind	PERFORMANCE INDICATOR	Qtr 01 13 October - December 2012			Cumulative Year 2013			LIFE OF PROJECT Totals		
	(source of information)	Target	Ttl	%	Target	Ttl	%	LOP Target	Ttl	%
II. Tier II Indicators										
A	46,000 Full-Time Equivalent Jobs Created (SME Registration and Survey forms)	0	0	0%	5.000	0	0%	46.000	0	0%
B	10% reduction in the number of days to obtain business licenses (Survey forms)	0	0	0%	6	0	0%	6	0	0%
C	20% reduction in the number of days to obtain construction permits (Survey forms)	0	0	0%	320	0	0%	267	0	0%